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REMARKS

This is a full and timely response to the final Office Action mailed November 4, 2005 (the "Office Action"). Reconsideration of this application in light of the foregoing amendments and the following remarks is respectfully requested. Additionally, as a preliminary matter, Applicant requests that the attorney docket number be changed to 66509-0008 in the records of the Office.

Request for Continued Examination:

Applicant hereby requests Continued Examination for this application and entry and consideration of this amendment consequent thereto. Any fees due in connection with this request may be charged to Deposit Account No. 18-0013 in the name of Rader, Fishman and Grauer PLLC.

Claims Status:

In this Amendment, claims 1, 15, 20, 27-29, and 33 have been amended, and new dependent claims 34-53 and independent claim 54 have been added. No new matter has been added.

No claims have been canceled. Claims 2, 16, and 31 were previously canceled without prejudice or disclaimer. Consequently, claims 1, 3-15, 17-30 and 32-54 are currently pending for further action.

I. Claim Rejections – 35 U.S.C. § 101

In the Office Action, the previous rejection of claims 15-28 under 35 U.S.C. § 101 was expressly withdrawn. It appears from the context of the Office Action that the Examiner has also withdrawn the §101 rejections of claims 29-32. Confirmation of this is respectfully requested.

The Office Action continues, however, to reject claims 1, 3-14, and 33 under §101. According to the Office Action, claims 1, 3-14 and 33 do not fall into any one of the statutory classes of patentable subject matter recited in §101. Specifically, with respect to claim 1, the

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Office Action asserts that "there are no elements of a server system recited in the body of the claim." (Page 2 of the Office Action). Applicant respectfully disagrees because the Office has misinterpreted the statutory requirements of §101, as discussed in Applicant's previous response filed August 15, 2005.

Nevertheless, to expedite prosecution of this application, Applicant has herein amended independent claim 1 to recite:

1. An online auction server system for enabling bidding over a computer network by remotely located bidders utilizing computing devices for receiving information to be provided to a bidder and transmitting bid information of the bidder, comprising:

one or more servers configured to provide an auction service having 1) a preliminary bidding component conducted over the computer network, the preliminary bidding component offering for auction a plurality of items, each item being offered for a preestablished duration of time, and the preliminary bidding component resulting in a final preliminary bid, a final successful bid being at least equal to the final preliminary bid; and 2) a dynamic real-time auction component conducted over the computer network, beginning after closing of the preliminary bidding component upon expiration of the preestablished duration of time and continuing until a higher bid is no longer received, said dynamic auction component offering for auction each of the plurality of items from the preliminary auction component, whereby a successful dynamic bid on each item is greater than the final preliminary bid for the item received during the preliminary bidding component.

(Emphasis added).

Claim 33 has been similarly amended and now recites:

33. An online auction server system for enabling bidding over a computer network by remotely located bidders utilizing computing devices for receiving information to be provided to a bidder and transmitting bid information of the bidder, comprising:

one or more servers configured to provide an auction service having 1) a preliminary bidding component conducted over the computer network, the preliminary bidding component offering for auction at least one item, the item being offered for a preestablished duration of time, and the preliminary bidding component resulting in a final preliminary bid, a final successful bid being at least equal to the final preliminary bid; and 2) a dynamic real-time auction component conducted over the computer network, beginning after closing of the preliminary bidding component upon expiration of the preestablished duration of time and continuing until a higher bid is no longer received, said dynamic auction component offering for auction the at least one

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item from the preliminary auction component, whereby a successful dynamic bid on the item is greater than the final preliminary bid for the item received during the preliminary bidding component.
(Emphasis added).

Applicant respectfully submits that the amendments to independent claims 1 and 33 obviate the §101 rejections presented in the Office Action because the claims as amended now clearly recite elements of a server system as desired by the Examiner. The amendments are supported by Applicant's specification as originally filed at, for example, paragraphs [0021] and [0031]. The amendments made in this regard to claims 1 and 33 do not, and are not intended to, narrow or alter the scope of the claims in any way. Rather, the amendments are made solely to clarify the subject matter of the claims with regard to the statutory classes of § 101 as requested by the Office. Following entry of this amendment, the rejection under § 101 should be reconsidered and withdrawn.

II. Claim Rejections – 35 U.S.C. § 112

Claims 1, 3-14, 20, 27-30, and 32 were rejected under 35 U.S.C. §112, second paragraph (hereinafter “§112”). Applicant respectfully traverses the §112 rejections of these claims for at least the following reasons.

Claims 1 and 3-14 were rejected pursuant to §112, second paragraph, as being indefinite because the §101 statutory class of the claims could allegedly not be determined. Applicant assumes that the Examiner also intended to reject claim 33 for the same reason. Applicant respectfully submits that this argument has nothing to do with the definiteness of the claims under § 112. The issue with the claims under § 101 has been treated above. Consequently, given the amendments to claims 1 and 33, discussed above, the rejections of claims 1, 3-14, and 33 under §§ 101 and 112 should be promptly reconsidered and withdrawn.

Claim 20 was rejected pursuant to §112, second paragraph, as lacking sufficient antecedent basis for “countdown timer.” Applicant has amended claim 20 to depend from claim 19. Sufficient antecedent basis for “countdown timer” is recited in claim 19. Moreover, claims 19 and 20 are not mutually exclusive as implied by the Office Action. See,

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for example, paragraph [0034] of Applicant's specification. For at least these reasons, the rejection under § 112 of claim 20 should be reconsidered and withdrawn.

Claim 27 depends from claim 15 and, as amended herein, recites "treating the preliminary bids having values in excess of a preestablished bid increment as proxy bids." Claim 27 was rejected pursuant to § 112, second paragraph, as being indefinite because, according to the Office Action, "the scope of proxy bid cannot be ascertained" and that it is unclear to which limitation of claim 15 the term "bids" is referring. Applicant respectfully submits that the scope of the term "proxy bids" is not unclear as alleged in the Office Action, but rather is clearly defined in Applicant's original specification, see, for example, paragraphs [0028] and [0029] of Applicant's specification. Additionally, the term "preliminary bids," as now recited in claim 27, has clear antecedent basis in independent claim 15. For at least these reasons, the rejection under § 112 of claim 27 should be reconsidered and withdrawn.

Claim 28 was rejected pursuant to § 112, second paragraph, as being indefinite because of an alleged lack of antecedent basis for the recitation "proxy bids placed during the preliminary bidding." Applicant has amended claim 28 to depend from claim 17 and to improve the consistency of the claim language. Claim 17 provides clear antecedent basis for the noted phrase in claim 28. Therefore, following entry of this amendment, the rejection under § 112 of claim 28 should be reconsidered and withdrawn.

Claim 29 was rejected pursuant to § 112, second paragraph, for allegedly reciting claim limitations in narrative form without specifying any process which causes the stated outcome. Applicant respectfully disagrees and, in any event, believes that such an argument does not present an issue of indefiniteness under § 112. However, to expedite the prosecution of this application, Applicant has amended claim 29 to read as follows: "identifying a final successful bid as being one of the final first auction portion high bid and a second auction portion bid." Applicant respectfully submits that this amendment addresses the concerns expressed in the Office Action under the § 112 rejection of claim 29. Therefore, following entry of this amendment, the rejection under § 112 of claim 29 should be reconsidered and withdrawn.

Claims 30 and 32 were rejected pursuant to § 112, second paragraph, simply because of their respective dependencies from claim 29. Applicant traverses this rejection for at least the same reasons as described above with respect to claim 29.

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In addition, claim 32 was rejected pursuant to §112, second paragraph, as lacking sufficient antecedent basis for the term “the second auction portion countdown timer.” Applicant respectfully disagrees because “a second auction portion countdown timer” is expressly recited in claim 29, from which claim 32 depends. Therefore, the rejection under § 112 of claim 32 should be reconsidered and withdrawn.

For the foregoing reasons, it is respectfully requested that the §112 rejections of claims 1, 3-14, 20, 27-30, 32, and 33 be withdrawn. Applicant notes that the amendments made with respect to the § 112 issues discussed above are made merely to clarify the language of the claims and to address concerns raised, properly or improperly, by the Office Action under § 112. These amendments are not intended to narrow or alter the scope of the claims so amended.

III. Claim Rejections – 35 U.S.C. §§ 102 and 103

No rejection based on prior art has been applied in the Office Action to claims 1, 3-14, 18, 20, 27, 28, 32, and 33. Rather, those claims have only been rejected, as discussed above, under §§ 101 and 112. Therefore, Applicant assumes that these claims recite allowable subject matter and are in condition for allowance following the entry of this amendment, given the traversal above of the rejections under §§ 101 and 112. Additionally, these claims are allowable over the cited prior art because the cited prior art fails to teach or suggest all the subject matter recited in these claims as demonstrated below.

A. Independent Claims 1, 15, 29, and 33

Independent claim 15 was rejected as being anticipated under § 102 by U.S. Patent No. 6,216,114 to Alaia et al. (hereinafter “Alaia”). This rejection is respectfully traversed for at least the following reasons.

Claim 15 now recites:

A method of conducting an auction over a computer network comprising:
offering over the network a preliminary bidding on items whereby a plurality of items is offered for auction, each item being offered for a preestablished time period;

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accepting preliminary bids resulting in a final preliminary bid, a final successful bid being at least equal to the final preliminary bid;
closing the preliminary bidding upon expiration of said preestablished time period;

offering over the network dynamic real-time bidding for each of the items after said closing of the preliminary bidding;

determining whether there is at least one dynamic bid during the dynamic real-time bidding greater than the final preliminary bid; and

identifying the final successful bid as one of the final preliminary bid and the at least one dynamic bid.

(emphasis added).

Claim 29 similarly recites limitations directed to closing a first auction portion upon expiration of a preestablished duration and conducting a second real-time virtual auction portion after the closing of the first auction portion. Claims 1 and 33 similarly recite limitations directed to a dynamic real-time auction component beginning after the closing of a preliminary bidding component.

In contrast, Alaia fails to teach or suggest closing a preliminary bidding and, thereafter, offering a subsequent and separate dynamic real-time bidding of items being auctioned. Rather, Alaia merely teaches the possible extension of time to enter bids during a single bidding process.

Specifically, Alaia teaches:

Associated with each lot at any given time in the progress of the Auction is a bidding status. The possible bidding statuses are illustrated in FIG. 5. The status initially assigned to each lot, before the scheduled start time of the Auction, is "Available." This status indicates that the lot will be available for bidding in the Auction. In the normal sequence of an Auction, the next bidding status is "Open," which indicates that the Auction is underway and that bids can be submitted for the lot. There are two possible bidding statuses to which a lot with an "Open" status can change: "Overtime" and "Closed." Overtime indicates an extension of time to allow bidding to continue after the scheduled closing time for bidding on the lot. If bidding is still active at the end of a first Overtime period of predetermined duration, the server application allows a second Overtime, and so on, until bidding has closed. "Closed" indicates that the server application will no longer accept bids on the lot. A lot's status changes from Overtime only to Closed.

(Col. 4, lines 26-42 of Alaia).

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The Office Action interprets the bidding statuses of Alaia, i.e., "Open," "Overtime" and "Closed," to be different bidding components. In particular, the Examiner asserts that the "Open" bidding status of Alaia discloses a preliminary bidding component and that the "Overtime" bidding status of Alaia discloses a dynamic real-time bidding component. (Pages 5 and 6 of the Office Action). Applicant respectfully disagrees. Alaia does not teach or suggest "closing the preliminary bidding" as recited in claim 15. Simply extending an auction and labeling the extension of time as "overtime," as in Alaia, does not amount to the two different auction components recited by Applicant in claim 15.

The difference is highlighted by Alaia's teachings directed expressly to "extending" an auction, which is fundamentally different from closing a preliminary bidding and then offering a subsequent dynamic real-time bidding after closure of the preliminary bidding. For example, Alaia teaches that a scheduled closing time is extended if overtime is triggered. (Col. 5, lines 1-5 and col. 14, lines 27-30 of Alaia). Alaia teaches that the concept of "overtime" automatically extends the closing time for a specific lot based on the flow of bids into an auction. (Alaia, col. 7, lines 1-3 and col. 11, lines 62-65).

Significantly, there is no closing of bidding prior to an overtime extension in Alaia. As shown in Figure 5 of Alaia, bidding status transitions directly from "Open" to "Overtime" without any closing step occurring before overtime. Accordingly, Alaia does not teach or suggest closing bidding before extending an auction into "Overtime." Thus, Alaia actually teaches away from closing a first bidding component and offering a second bidding component after closure of the first bidding component.

Moreover, the "overtime" status of the Alaia system cannot be equated with the subsequent "real-time bidding" recited by Applicant because the "overtime" extension taught by Alaia is not automatic and may not occur at all. Depending on the bidding that occurs, the Alaia auction system may, in many instances, not have any overtime extension. The mere possibility of an "overtime" extension as taught by Alaia cannot reasonably be equated with Applicant's system in which dynamic real-time bidding always follows the preliminary bidding.

"A claim is anticipated [under 35 U.S.C. § 102] only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 2 U.S.P.Q.2d 1051, 1053 (Fed. Cir. 1987) (emphasis added). See M.P.E.P. § 2131. For the foregoing reasons, Alaia fails to

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teach every element set forth in independent claims 1, 15, 29, and 33. Therefore, the rejection based on Alaia should now be reconsidered and withdrawn.

The other prior art references of record, U.S. Patent No. 5,835,896 to Fisher et al. (hereinafter "Fisher") and U.S. Patent No. 5,890,138 to Godin et al. (hereinafter "Godin"), were cited solely for their alleged teachings of proxy bids and countdown timers and, as such, these references fail to cure the above-described deficiencies of Alaia. Therefore, the prior art of record fails to teach or suggest every limitation of independent claims 1, 15, 29, and 33, and Applicant respectfully submits that these claims are in condition for allowance.

B. The Dependent Claims Recite Patentable Subject Matter

For at least the same reasons described above, the dependent claims are in condition for allowance by way of their respective dependencies from independent claims 1, 15, or 29. Nevertheless, the dependent claims recite independently patentable subject matter. For example, claim 20 recites limitations directed to resetting a countdown timer in response to each dynamic bid, which limitations are not taught or suggested in the cited prior art. In Alaia, an auction closing time is extended when a bid is received within a predetermined time of the closing time. However, Alaia expressly teaches that other bids do not affect the closing time. (See, for example, col. 5, lines 5-9 and 22-25 of Alaia). Therefore, Alaia fails to teach or suggest resetting a countdown time in response to *each* dynamic bid. Fisher and Godin fail to cure this deficiency of Alaia. Accordingly, the rejection of claim 20 should be reconsidered and withdrawn.

By way of another example, claim 21 recites features directed to alerting bidders *prior* to the real-time bidding of each item. The Office Action rejected claim 21 under 35 U.S.C. §102 as being anticipated by Alaia. In particular, the Office Action cited the "Overtime" status indicator shown in Figure 6C of Alaia. However, the "Overtime" status indicator is indicative of the *current* bidding status of a lot. Alaia does not teach or suggest that the "overtime" status indicator is displayed *prior* to the overtime extension period. Therefore, Alaia does not teach or suggest alerting bidders *prior* to the real-time bidding of each item as recited in claim 21. Fisher and Godin do not cure this deficiency of Alaia. For at least these reasons, the rejection of claim 21 should be reconsidered and withdrawn.

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Further, the Office Action rejected claims 22-26 under 35 U.S.C. §103 as being unpatentable over Alaia as applied to claim 15 and further in view of well known practices of messaging in the art of communication. Applicant traverses this rejection for at least the same reasons as described above with respect to independent claim 15. With respect to the taking of Official Notice, Applicant respectfully requests that the Examiner provide the basis to support the taking of such notice if any rejections relying on Official Notice are to be maintained. As clearly dictated by the MPEP and supporting authority, it is "*not* [] appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known." MPEP 2144.03 (emphasis in original).

The Office Action rejected claim 17 under 35 U.S.C. §103 as being unpatentable over Alaia as applied to claim 15 and further in view of Fisher. Applicant traverses this rejection for at least the same reasons as described above with respect to independent claim 15.

The Office Action rejected claims 19, 29, and 30 under 35 U.S.C. §103 as being unpatentable over Alaia as applied to claim 15 and further in view of Godin. Applicant traverses this rejection for at least the same reasons as described above with respect to independent claim 15.

Various other dependent claims also recite subject matter not found in the prior art of record. For example, claim 27 recites limitations directed to treating preliminary bids having values in excess of a preestablished bid increment as proxy bids. Applicants cannot find any such teaching in the cited prior art. Similarly, the prior art fails to teach limitations of claim 28, including limitations directed to carrying over proxy bids accepted during preliminary bidding to the dynamic real-time bidding. Consequently, for these additional reasons, the rejection of these claims should be reconsidered and withdrawn.

C. The New Claims Recite Patentable Subject Matter

Applicant has added new dependent claims 34-53, each of which depends from either independent claim 1 or 15. Applicant has also added new independent claim 54. The newly added claims are thought to be patentable over the prior art of record for at least the same reasons given above with respect to the original independent claims. The new claims also

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recite independently patentable subject matter. Therefore, examination and allowance of the newly added claims is respectfully requested.

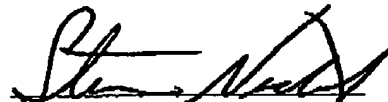
IV. Conclusion

In view of the above, each of the presently pending claims in this application is believed to be in condition for allowance. Accordingly, the Examiner is respectfully requested to pass this application to issue.

It is believed that any additional fees due with respect to this paper have already been identified in any transmittal accompanying this paper. However, if any additional fees are required in connection with the filing of this paper that are not identified in any accompanying transmittal, permission is given to charge account number 18-0013 in the name of Rader, Fishman and Grauer PLLC. If the Examiner has any question or comments, she is kindly urged to call the undersigned to facilitate prosecution.

Respectfully submitted,

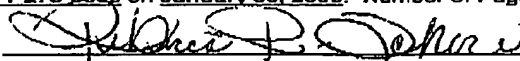
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